

Opening Statement
Chairman Michael G. Oxley
Committee on Financial Services

“Dismantling the Financial Infrastructure of Global Terrorism”

October 3, 2001

Today the Committee on Financial Services meets to hear testimony on the issue of terrorist financing and money laundering.

We remember today the thousands of people who died in the four attacks in September. The terrorists used American freedoms and American dollars against us.

They executed their plans with access to our financial system, including credit cards, ATMs, local checking accounts, and wiring money overseas.

The best way for our Committee to commemorate the victims' lives is to take every step possible to ensure that the gates to the financial services system in this country are locked to terrorists.

Today, along with Ranking Member LaFalce and other members of this Committee, I will introduce bipartisan legislation that will demonstrate to our friends and enemies, here and abroad, that the United States Congress stands shoulder to shoulder with the President in his campaign to dismantle the financial infrastructure of terrorism and to “starve terrorists of funding.”

I applaud the President and our distinguished witness today, Treasury Secretary Paul O'Neill, for taking swift action to block terrorist assets that may be located here in the United States and to warn foreign banks that the U.S. is poised to block their assets in this country and deny them access to U.S. markets if they refuse to freeze terrorist assets overseas.

The Secretary is also to be commended for setting up a new Foreign Terrorist Asset Tracking Center which I hope will become a model for interagency cooperation in law enforcement and in the sharing of financial intelligence.

Finally, I applaud the Administration for sending us its legislative proposals, many of which are included in our bill.

This crime was not about money, but about mass murder, and so we have a major challenge before us. Many in Congress and in the financial services sector are asking questions like: “What is terrorist financing?” For example, are terrorist organizations moving funds into the U.S. banking system through third party correspondent accounts at major U.S. banks, or are they relying more on cash transfers through underground money services businesses?

How did they get credit cards, checking accounts, and the like without raising suspicion? If the attacks could be executed without leaving an obvious financial trail, what might we be missing now? And finally the chilling question, is it possible that terrorist financing is continuing undetected in the U.S.?

These are urgent questions, and our goal today is to learn the answers and to craft effective legislation to stop it wherever and however it occurs.

I am not convinced our money laundering laws are adequate to address the particular features of terrorist financing we have witnessed. The current money laundering regime seems better designed to detect the kind of money laundering associated with crimes that generate significant proceeds. It does not appear to be particularly well suited to catch an unconventional terrorist operation.

We know, too, that there are limitations to what we can expect from Federal laws that allow for the freezing of terrorist assets. Osama Bin Laden and his organization, Al Qaeda, have been on Treasury’s blocking list for a couple of years. Any financial role Bin Laden and his organization played in those horrific acts appears to have escaped detection and to have fallen below our financial radar.

The Committee’s work on money laundering will produce effective, targeted solutions to the immediate problems we encounter following the events of September 11. We will not throw in the legislative kitchen sink for no clear purpose.

This is our first important step on money laundering---but it will by no means be our last.

With that in mind, members of this Committee will introduce today comprehensive anti-terrorism and money laundering legislation that focuses on three major goals:

- Bolster law enforcement's ability to find and destroy the financing of terrorist organizations, whether in banks or in underground "hawala" systems;
- Establish a government-industry partnership to stop terrorist funding in real-time; and
- Track any terrorist money kept in secret offshore havens and increase foreign cooperation with U.S. efforts.

Today marks the beginning of the legislative process on this comprehensive package, which should be enacted before Congress adjourns this year.

It is time for the civilized international community to exclude financial outlaws – whether they are Bin Laden's terrorist operatives or shadowy offshore banks – from access to the international financial system. This is the time and this is the place to draw the line.